



Accounting Instructions for ARRA State Fiscal Stabilization Funds (SFSF) and Education Jobs Funds in the General Fund (01)

In FY2010-11, school district general fund budgets are supported by two types of Federal funding: 1) **ARRA State Fiscal Stabilization Funds (SFSF)** as appropriated in House Bill 645 (HB645) by the 2009 Legislature, and 2) **Education Jobs Fund** monies authorized under section 101 of Public Law No. 111-226 on August 10, 2010. The U.S. Department of Education approved Montana's application for these funds on September 13, 2010.

The **ARRA SFSF** funds support 9.35% of a school district's total FY201-11 DSA payment. The revenue source code for these funds is **7800 (CFDA No. 84.394)**. The **Education Jobs Fund** monies support 7.81% of a school district's total DSA payment. The revenue source code for these funds is **7810 (CFDA No. 84.410)**.

Typically, school districts do not track general fund expenditures relative to the funding sources of the fund. However, the expenditures of ARRA SFSF and Federal Job Fund monies must be tracked using special expenditure program codes. **ARRA SFSF expenditures** should be **coded to expenditure program code 780**. **Education Jobs Fund expenditures** should be **coded to expenditure program code 781**.

OPI will distribute the funds on a reimbursement basis. For each Federal funding source, a school district must determine two things: 1) what general fund expenditures are supported by the federal money, and 2) the timing of those expenditures. For example, a school district may determine that the ARRA SFSF funds OR Education Jobs funds supported instructional salaries and benefits paid in October and November. The school district's accounting records should reflect the following expenditure coding:

ARRA SFSF expenditures: X01 - **780** - 1XXX - 1XX (instructional salaries)

X01 - **780** - 1XXX - 2XX (benefits)

Education Jobs expenditures: X01 - **781** - 1XXX - 1XX (instructional salaries)

X01 - **781** - 1XXX - 2XX (benefits)

To receive reimbursement, a school district must submit a timely report of the expenditures on the ARRA Quarterly report in the MAEFAIRS system. In the month(s) following the quarterly report, the DSA payment(s) that a school district receives from OPI will include the reimbursement(s) requested on the ARRA Quarterly report.

The DSA payment would be coded to reflect the portion of the payment that related to the expenditures reported on the quarterly report with the remainder of the DSA payment coded to revenue source 3110 State (regular DSA). In the above example, a school district would report the ARRA SFSF and/or Education Jobs Fund expenditures on the 2nd quarter ARRA report which covers the period October 1, 2010 through December 31, 2010. This report is due no later than December 31, 2010.

When the January 2011 DSA payment is received, the school district would **use revenue source 7800 for the ARRA SFSF reimbursement request** submitted on the ARRA quarterly report and use revenue source code 3110 for the remaining amount of the January 2011 DSA payment. When the February 2011 DSA payment is received, the school district would **use revenue source 7810 for the Education Jobs Fund reimbursement request** submitted on the ARRA quarterly report and use revenue source code 3110 for the remaining amount of the February 2011 DSA payment.

OPI RECOMMENDS THE FOLLOWING WITH REGARD TO THESE FEDERAL FUNDS:

1. Make sure the school district accounting records reflect separate tracking of these funds. Use revenue source codes 7800 and expenditure program code 780 for ARRA SFSF. Use revenue source code 7810 and expenditure program code 781 for Education Jobs Fund. On the accounting records, record the expenditures in the same quarter period in which you request reimbursement. For example, if you report and request reimbursement on the ARRA 2nd Quarter report, ensure that your accounting records reflect the expenditures during the period October 1, - December 31. Likewise, record the revenue in the month(s) following the end of the quarter in which you requested reimbursement. Maintain adequate backup documentation for all transactions.
2. Maintain adequate backup documentation for all transactions related to these funds. Keep a separate file for each of these funds and include a copy of the ARRA Quarterly Reports that you submitted in the MAEFAIRS system.

3. REQUEST REIMBURSEMENT OF THESE FEDERAL FUNDING SOURCES AS SOON AS POSSIBLE.

For example, record the ARRA SFSF expenditures and Education Jobs fund expenditures on your October, November and December accounting records (or all of the expenditures in one of those months), and report and submit the reimbursement requests on the ARRA 2nd Quarter report in MAEFAIRS by December 31.

4. OPI will reimburse 2nd quarter ARRA SFSF and Education Jobs Funds requests in separate payment months. On your January 2011 DSA payment, you would code the **ARRA SFSF** reimbursement to **revenue source code 7800** and the remainder of the DSA payment to revenue source code 3110. On your February 2011 DSA payment, you would code the **Education Jobs Fund** reimbursement to **revenue source code 7810** and the remainder of the DSA payment to revenue source code 3110. Supplemental payment advice(s) will be issued to aid school districts and county treasurers with proper coding.

5. Request any remaining ARRA SFSF and Education Jobs Funds on the ARRA 3rd Quarter report, due March 31, 2011. **ARRA SFSF claims will be reimbursed through the April DSA payment. Education Jobs Funds will be reimbursed through the June DSA payment.** (School districts do not receive a DSA payment in May.)

6. Communicate with your county treasurer. Let them know that you have submitted an ARRA Quarterly Report, or better yet, send them a copy of it. This will give the county treasurer notice that the DSA payment in the month(s) following the ARRA Quarterly report will require some special coding.

NOTE: If any ARRA SFSF or Education Jobs Funds have not been claimed for reimbursement after submitting the 3rd quarter ARRA report, they MUST be claimed on the ARRA 4th quarter report. Any reimbursement requests for the 4th quarter will be due by June 5th, 2011. If you wait until the fourth quarter report, the June DSA payment will be supported by three different revenue sources (7800, 7810 and 3110).

ALLOWABLE EXPENDITURES

ARRA SFSF may be spent on any allowable expenditure in the General Fund, except for certain expenditures prohibited in federal regulations:

- Payment of maintenance costs;
- Stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public;
- Purchase or upgrade of vehicles;
- Improvement of stand-alone facilities whose purpose is not the education of children, including central office administration or operations or logistical support facilities;
- Financial assistance for students to attend private elementary or secondary schools, unless the funds are used to provide special education and related services to students with disabilities, as authorized by IDEA;
- School modernization, renovations, or repair that is inconsistent with State law; or

- Restoring or supplementing a "rainy day" fund.

Education Jobs Fund must be used only for compensation and benefits and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary, secondary educational and related services. The phrase "compensation and benefits and other expenses, such as support services" includes salaries, performance bonuses, health insurance, etc.

An LEA may use the funds to pay the salaries of teachers and other employees who provide school-level educational and related services. In addition to teachers, employees supported with the Education Jobs Fund program may include, principals, assistant principals, academic coaches, in-service teacher trainers, classroom aides, counselors, librarians, secretaries, social workers, psychologists, interpreters, physical therapists, speech therapists, occupational therapists, information technology personnel, nurses, athletic coaches, security officers, custodians, maintenance workers, bus drivers, and cafeteria workers.

Administrative expenses related to the operation of the superintendent's office, including the salaries and benefits of LEA-level administrative employees are prohibited. Expenditures for fiscal services, LEA program planners and researchers, and human resource services are also prohibited. For more information, please see guidance issued by the U.S. Department of Education at this link: <http://www2.ed.gov/programs/educationjobsfund/index.html> (click on Applicant Info, then Initial Guidance for States on the Education Jobs Fund Program).

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